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MISSION

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 07/01/01 AND ENDING 06/30/02  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

## NAME OF BROKER-DEALER:

North Ridge Securities Corporation

OFFICIAL USE ONLY

FIRM ID. NO.

## ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1895 Walt Whitman Road

(No. and Street)

Melville

(City)

New York

(State)

11747-3031

(Zip Code)

## NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Daniel Levy

(631) 420-4242

(Area Code — Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

## INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Lawrence B. Goodman &amp; Co., P.A.

(Name — if individual, state last, first, middle name)

32-16 Broadway

(Address)

Fair Lawn

(City)

New Jersey

(State)

07410

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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FOR OFFICIAL USE ONLY

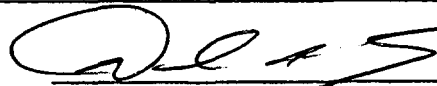
THOMSON  
FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

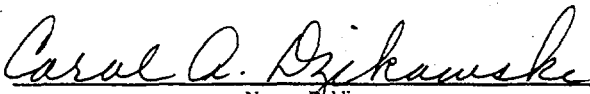
I, Daniel Levy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of North Ridge Securities Corporation, as of June 30, ~~19~~ 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
President

\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public

CAROL A. DZIKOWSKI  
Notary Public, State of New York  
No. 52-4638234  
Qualified in Suffolk County  
Commission Expires March 30, 2006

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of ~~Changes in Financial Condition~~ Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**NORTH RIDGE SECURITIES CORPORATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2002**





Lawrence B. Goodman, CPA\*  
Richard B. Klein  
Catherine Marotta, CPA

David J. Goodman, CPA, MST\*  
William R. Lungren, CPA  
Jacqueline M. Shamleh, CPA  
\*Certified in New Jersey and New York

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

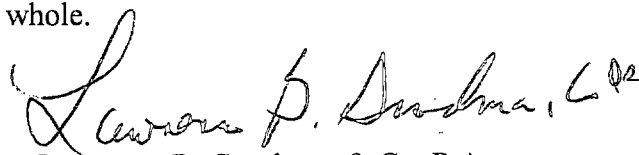
To The Board of Directors of  
North Ridge Securities Corporation  
1895 Walt Whitman Road  
Melville, New York 11747-3031

We have audited the accompanying balance sheet of North Ridge Securities Corporation, as of June 30, 2002, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Ridge Securities Corporation as of June 30, 2002, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Lawrence B. Goodman & Co. P.A.  
Certified Public Accountants

Fair Lawn, New Jersey  
July 12, 2002

**NORTH RIDGE SECURITIES CORPORATION**

**BALANCE SHEET**

**JUNE 30, 2002**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$322,649	
Commissions receivable	<u>498,010</u>	
Total current assets		\$820,659

**Other Assets**

Security deposit		<u>25,000</u>
Total Assets		<u>\$845,659</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**Current Liabilities**

Accrued expenses	\$605,171	
Due to affiliates	<u>86,500</u>	
Total current liabilities		\$691,671

**Stockholder's Equity**

Capital stock	\$ 10,000	
Retained earnings	<u>143,988</u>	
Total stockholder's equity		<u>153,988</u>

Total Liabilities and Stockholder's Equity		<u>\$845,659</u>
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**NORTH RIDGE SECURITIES CORPORATION**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED JUNE 30, 2002**

**Income**

Commission income	\$5,928,699	
Interest income	<u>268</u>	
Total income		\$5,928,967

**Operating Expenses**

Management fees	1,328,400	
Commissions	4,587,829	
Fees and licenses	<u>660</u>	
Total operating expenses		<u>5,916,889</u>

Income before provision for Federal and State income taxes		12,078
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Provision for Federal and State income taxes		<u>-</u>
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Net income		<u><u>\$ 12,078</u></u>
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See accountant's opinion and notes to financial statements.



**NORTH RIDGE SECURITIES CORPORATION**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2002**

	<i><b>Common Stock</b></i>	<i><b>Retained Earnings</b></i>	<i><b>Total</b></i>
Stockholder's equity July 1, 2001	\$10,000	\$131,910	\$141,910
Net income	<u>-</u>	<u>12,078</u>	<u>12,078</u>
Stockholder's equity June 30, 2002	<u><u>\$10,000</u></u>	<u><u>\$143,988</u></u>	<u><u>\$153,988</u></u>

See accountant's opinion and notes to financial statements.



**NORTH RIDGE SECURITIES CORPORATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2002**

Cash flows from operating activities:

Net income	\$ 12,078
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Changes in assets and liabilities:

Increase in commissions receivable	(\$161,787)	
Increase in accrued expenses	338,371	
Decrease in amounts due from affiliated company	<u>104,500</u>	
Total adjustments		<u>281,084</u>

Net cash provided by operating activities	293,162
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Cash and cash equivalents at beginning of year	<u>29,487</u>
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Cash and cash equivalents at end of year	<u><u>\$322,649</u></u>
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***Supplemental Cash Flow Information***

Interest paid	<u>\$ -</u>
Income taxes paid	<u><u>\$ -</u></u>

See accountant's opinion and notes to financial statements.





# **NORTH RIDGE SECURITIES CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2002**

### **DESCRIPTION OF BUSINESS**

North Ridge Securities Corporation is a broker-dealer subject to the rules and regulations of the National Association of Securities Dealers (NASD) and Securities Investor Protection Corporation (SIPC). Their place of business is located at 1895 Walt Whitman Road, Melville, New York 11747-3031.

### **SIGNIFICANT ACCOUNTING POLICIES**

The Company's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require management to use its judgment in making certain estimates and assumptions that effect the amounts reported in the financial statements. Actual results could differ from these estimates.

All of the Company's assets and liabilities are carried at either fair value or amounts which approximate fair value.

Commission income and related clearing expenses are recorded on a trade date basis as securities transactions occur.

### **CASH AND CASH EQUIVALENTS**

The Company maintains cash balances at Chase Bank and Fleet Bank. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of June 30, 2002, the amount that exceeded the federally insured limits was \$207,507.

### **AFFILIATED COMPANY TRANSACTIONS-MANAGEMENT FEES**

North Shore Capital Management Corporation and Gilman & Ciocia perform all the administrative duties for North Ridge Securities Corporation. The Company pays NSCMC and Gilman & Ciocia a management fee to cover these expenses. North Ridge Securities Corporation paid \$1,328,400 for these services for the year ended June 30, 2002.

### **CAPITAL STOCK**

The authorized, issued and outstanding shares of capital stock at June 30, 2002, were as follows:

Common stock, without par value, authorized 300 shares; issued and outstanding 250 shares, all of which is owned by Gilman & Ciocia.



## NET CAPITAL REQUIREMENT

As a registered broker-dealer and member of the National Association of Securities Dealers, Inc., the Company is subjected to Rule 15c3-1 of the Securities and Exchange Commission which specifies uniform net capital requirements, as defined, equal to the greater of one-fifteenth of aggregate indebtedness, as defined, or \$25,000. At June 30, 2002, the Company had net capital of approximately \$145,304, which exceeded the minimum requirement by approximately \$99,193.

## INCOME TAXES

North Ridge Securities Corporation is a 100% owned subsidiary of Gilman & Ciocia. Gilman & Ciocia files consolidated Federal and State tax returns. North Ridge Securities Corporation will be a part of that consolidated return; therefore, no provision was made for Federal and State taxes.

If tax provisions were to be included they would be as follows:

State	\$1,060
Federal	<u>1,653</u>
	<u>\$2,713</u>

## CUSTOMER TRANSACTIONS

The Company has entered into dealer arrangements with various mutual fund distributors. The Company acts as agent in executing mutual fund transactions on behalf of its customers. The customers are carried on a fully disclosed basis by the various mutual fund complexes.

As an introducing broker, the Company has its customers' securities transactions cleared by a clearing broker pursuant to a clearance agreement.

While the Company has agreed to indemnify its clearing broker for certain losses that the clearing broker may sustain from the customer accounts introduced by the Company, the clearing broker maintains the responsibility of margining such accounts and determining adequate collateralization.

## NORTH RIDGE SECURITIES CORPORATION

## NET CAPITAL COMPUTATION

JUNE 30, 2002

Total Assets	\$845,659
Less: Liabilities	<u>691,671</u>
Net Worth	153,988
Less: Non-Allowable Assets	<u>8,684</u>
Current Capital	145,304
Less: Haircuts	<u>-</u>
Adjusted net capital	<u>\$145,304</u>
Percentage of aggregate indebtedness to net capital	<u>476.02%</u>

There are no material differences between the adjusted net capital as reported on this exhibit and the net capital reported on Part IIA of the Focus Report (form X-17a-5)



Lawrence B. Goodman, CPA\*  
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\*Certified in New Jersey and New York

## SCHEDULE II

To The Board of Directors of  
North Ridge Securities Corporation  
1895 Walt Whitman Road  
Melville, New York 11747-3031

In planning and performing our audit of the financial statements of North Ridge Securities Corporation (the Company) for the year ended June 30, 2002, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures following by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not


absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matter involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2002 to meet the SEC's objectives.

This report is intended solely for the use of management of North Ridge Securities Corporation, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.



Lawrence B. Goodman & Co. P.A.  
Certified Public Accountants

Fair Lawn, New Jersey  
July 12, 2002